

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-03 CAB-02 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 /026 W

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P 122015Z JAN 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC PRIORITY 2292

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E. O. 11652: N/A

TAGS: EAIR, MX

SUBJECT: CIVAIR: TEXAS INTERNATIONAL AIRLINES FINE

REF: STATE 002271

1. JAIME D. BARRON, GENERAL MANAGER FOR TEXAS INTERNATIONAL (TXI) IN MEXICO INFORMED TCO ON JANUARY 9, 1976 THAT HE WAS CURRENTLY DISCUSSING FINE IMPOSED ON TXI BY GOM WITH THEIR MEXICAN LAWYER AND THEIR HOUSTON COUNSEL SAM COATES. IN BARRON'S OPINION, TXI HAD NO LEGAL OBLIGATION TO REQUEST PERMISSION FROM GOM TO CANCEL SERVICE TO VERACRUZ AND TAMPICO UNDER TERMS OF BILATERAL AGREEMENT, HENCE GOM ACTION WRONG. NEVERTHELESS HE AND THE LOCAL LAWYER HAVE RECOMMENDED TO COATES AND TXI MANAGEMENT IN HOUSTON THAT THEY PAY THE FINE, FOR TWO REASONS-(1) IT IS MODEST (\$4,000.00); (2) IF THEY FIGHT IN COURT, THE GOM CAN PERHAPS FIND OTHER SCHEDULE VIOLATIONS AND INCREASE FINE. ALSO BARRON'S GOOD WORKING RELATIONSHIP WITH DGAC JOSE RODRIGUEZ TORRES WOULD BE JEOPARDIZED, AND HE WOULD NO LONGER BE ABLE TO GET CHARTER APPROVALS IN LESS THAN THE LEGALLY REQUIRED SEVEN DAYS (AS HE NOW DOES), IF AT ALL. BARRON IS NOW AWAITING INSTRUCTIONS FROM HOUSTON.

2. BARRON ADVISES THAT BASIS OF PROBLEM IS POLITICAL. THE SECRETARY OF COMMUNICATIONS AND TRANSPORTATION EUGENIO
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MENDEZ DOCURRO IS FROM VERACRUZ AND WHEN TXI CANCELLED

SERVICE, THAT STATE'S GOVERNOR CALLED MENDEZ DOCURRO AND ASKED HIM TO PRESSURE TXI TO RESUME SERVICE. BARRON CLAIMS THAT ORIGINALLY THERE WERE THREE FINES OF \$4,000 EACH, AND THAT HE, WITH THE DGAC'S ASSISTANCE, GOT TWO OF THEM ELIMINATED. BARRON FEELS HE MIGHT GET THE REMAINING \$4,000 FINE REDUCED, AND THAT THE DGAC REMAINS SYMPATHETIC TO TXI'S TERMINATION OF SERVICE TO TAMPICO AND VERACRUZ DUE TO UNPROFITABILITY OF THAT SEGMENT; AND HAS OFFERED TO INTERVENE ON TXI'S BEHALF WITH MENDEZ DOCURRO.

3. BARRON STATED THAT HE AND TXI'S PRESIDENT FRANCISCO LORENZO VISITED THE DGAC ON OCTOBER 3 AND TOLD HIM THAT SERVICE TO TAMPICO AND VERACRUZ WAS TO BE SUSPENDED. THE DGAC DID NOT RESPONDE AND CHANGED THE SUBJECT. TWO DAYS LATER TXI SUSPENDED THE SERVICE AND CHANGED SOME OF THEIR OTHER SCHEDULES ON THEIR MEXICAN SERVICE. BARRON CLAIMS THAT HE HIMSELF HAD NOT BEEN INFORMED IN ADVANCE OF THE SUSPENSION, AND HAD ADVISED LORENZO NOT TO DO ANYTHING UNTIL THEY FIRST REQUESTED PERMISSION OF THE GOM IN WRITING.

4. BARRON WILL INFORM EMBASSY OF TXI'S DECISION ON PAYMENT OF FINE. HE PROVIDED TCO WITH COPIES PERTINENT CORRESPONDENCE WITH GOM WHICH HAS BEEN AIRPOUCHED TO EB/OA.

5. SAM COATES, TXI LEGAL COUNSEL, IN TELCON WITH TCO JANUARY 12 BASICALLY CONFIRMED THE ABOVE EVENTS. HE ADDED THAT SUSPENSION DECISION WAS MADE SUDDENLY BY TXI MANAGEMENT AFTER CASH-FLOW ANALYSIS INDICATED THAT TXI WAS LOSING 14-15,000 DOLLARS DAILY ON TAMPICO/VERACRUZ SEGMENT. HE NOTED THAT TXI HAD BEEN OPERATING ON EXEMPTION FROM CAB SUSPENSION ORDER ON THE TAMPICO/VERCRUZ SEGMENT AND WAS NOT AWARE OF REQUIREMENT TO NOTIFY GOM. HE NOTED THAT MEETING WITH RODRIGUEZ TORRES BY LORENZO MIGHT BE CONSIDERED SUCH NOTIFICATION. THEIR MEXICAN LEGAL COUNSEL ADVISES THAT MEXICAN LAW ON SUBJECT IS HAZY, BUT GOM DECISION ON FINE MAY BE ENFORCEABLE. ON OTHER HAND, COATES EXPRESSED IGNORANCE OF POINT MADE BY LIMITED OFFICIAL USE

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BARRON IN A LETTER TO RODRIGUEZ TORRES OF OCTOBER 24, 1975. BARRON REFERENCED ARTICLE 337 OF THE MEXICAN COMMUNICATIONS LAW WHICH HE QUOTED AS REQUIRING THAT "THE PERMITS OF REGULAR FOREIGN INTERNATIONAL AIR TRANSPORT BE ADJUSTED TO THE APPLICABLE TERMS OF INTERNATIONAL TREATIES OR AGREEMENTS AND IN ACCORDANCE WITH THAT CELEBRATED WITH THE U.S.A. IT IS ONLY NECESSARY TO OBTAIN PERMISSION OF THE COUNTRY WITH WHICH THE AIR-

PLANES ARE MATRICULATED." COATES EXPRESSED HIS DESIRE
NOT TO COMPLICATE FORTHCOMING BILATERAL NEGOTIATIONS AND
WILL CONTACT TXI'S WASHINGTON COUNSEL ONCE AGAIN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AIRLINES, FEES, MEETINGS, AIR TRAFFIC CONTROL
Control Number: n/a
Copy: SINGLE
Draft Date: 12 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchant0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO00338
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760011-0171
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760166/aaaacgtw.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 2271
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 28 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 JUL 2004 by coburnhl>; APPROVED <28 OCT 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR: TEXAS INTERNATIONAL AIRLINES FINE
TAGS: EAIR, MX, TEXAS INTERNATIONAL AIRLINES
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006